

Meaning of contemporary csr management essay



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In order to understand the meaning of contemporary CSR, it is useful to go back in time. While CSR is a recent term, preoccupation with In the course of this research, the researcher has interviewed staff from the following multinational oil companies: Shell, BP, Exxon, Chevron, Total, Agip, Statoil, BG Group, Petrobras and PDVSA.

Beyond Corporate Social Responsibility business ethics and the social dimensions of business activity has a long history. Business practices based on moral principles and 'con-trolled greed' were advocated by pre-Christian Western thinkers such as Cicero in the first century BC and their non-Western equivalents such as the Indian statesman and philosopher Kautilya in the fourth century BC, while Islam and the medieval Christian church publicly condemned certain business practices, notably usury.

While the business role in society seems to have been changing from time to time, there is not agreement among observers that on what CSR stands or where its boundaries of CSR lie. Different people have differ thinking about CSR for example CSR means different things to practioners seeking to implement CSR inside companies than to researchers to trying to make CSR as a discipline.

The responsibilities of companies in developing nations are also defined differently depending on the social-especially national- context (Baskin 2006; Frynas 2006); for instance, CSR among Malaysian firms is partly motivated by religious notions and Islam's prescriptions of certain business practices (Zulkifli and Amran2006); the specific flavour of CSR in Argentina can be partly attributed to Argentina's economic crisis in December 2001(Newell

and Muro 2006); while companies in South Africa are forced to address racial inequality as a result of the unique legacy of apartheid (Fig 2005).

Companies in Malaysia focus on charitable activities, especially around Muslim and Chinese religious holidays, while companies in South Africa focus on black empowerment schemes. Therefore, CSR or 'being socially responsible' clearly means different things to different people in different countries. Although these differences in the understanding of CSR are perhaps inevitable given the wide range of issues that companies need to deal with, they can be frustrating, not least to company managers who might prefer a bounded concept similar to quality control or financial accounting.

Corporate Social Responsibility (CSR) has emerged as a business approach for addressing the social and environmental impact of company activities. With increasing expectations placed on business, one needs to ask if CSR is able to fulfill these larger expectations. Therefore, the aim of this research is to analyse CSR's potential and limitations for contributing towards wider societal challenges'.

The central part of the research investigates the potential of CSR for addressing three challenges in the business-society relationship: the environment, development and governance. The research suggests that CSR has some potential for dealing with environmental issues such as carbon emissions and oil spills. Yet, in general, the current CSR agenda largely fails to deal with the three challenges, and a number of important economic and political issues are not yet addressed. The research explains the existing constraints to CSR and provides some recommendations in the conclusion.

Researchers firmly believe that any discussion of the CSR agenda must have a solid basis in reality. Too many researches on CSR are based on superficial examples and unfounded arguments. Too many researches fail to appreciate the importance of context in the evolution of CSR. That is why this researcher has focused in greater depth on companies from a single industry: the oil and gas sector, which includes two of the world's leaders in the CSR movement: Shell and BP. Throughout the research we also look at companies from developing nations such as Brazil's Petrobras and South Africa's Sasol. Business now operates in a global arena and companies from the so-called emerging markets such as China, India and Brazil are increasingly expected to make social and environmental contributions.

The research is based on more than ten years' experience in researching the oil and gas industry, and the author has had hundreds of conversations with oil company staff, civil society advocates, government officials, consultants, development specialists, journalists and local people around these issues.

wrestling with issues as diverse as corporate governance, environmental management, corporate philanthropy, human rights, labour rights, health issues and community development. To complicate matters further, new terms have entered the vocabulary of business and civil society- concepts such as corporate accountability, stakeholder engagement and sustainable development, aimed variously at replacing, redefining or complementing the CSR concept. Indeed, some companies now prefer to use terms such as 'sustainability' or 'citizenship' instead of CSR.

The Moral Argument for CSR

Often portrayed as an alternative to VBM, CSR is somehow misunderstood to be a moral movement without a business purpose. Perhaps the following moral argument has become associated with CSR and led to this confusion:

The purpose of a business . . . is not to make a profit, full stop. It is to make a profit so that the business can do something more or better. That “something” becomes the real justification for the business. . . . It is a moral issue. To mistake the means for the end is to be turned in on oneself, which Saint Augustine called one of the greatest sins. . . . It is salutary to ask about any organization, “If it did not exist, would we invent it?” “Only if it could do something better or more useful than anyone else” would have to be the answer, and profit would be the means to that larger end. Charles Handy (2002)

Handy’s argument follows that of CSR proponents, who believe the purpose of business is too narrowly defined as simply “to make money.” They believe instead that businesses have an obligation to their customers, employees, the communities in which they are located, and society in general that is far greater than simply creating profits for shareholders.

The Economic Argument for CSR

The economic argument for CSR is, like most economic propositions, based on economic self-interest. However, this argument does not dispute the claim that corporations have an obligation to their customers, employees, and other stakeholders. Far from it. The difference, if one exists, is more a matter of philosophical underpinnings rather than procedure. Handy

proposes a moral foundation for CSR, whereas we do not voice an opinion regarding moral considerations. Rather, we believe that it simply makes good business sense to have such a program since CSR is really a holistic approach to running an organization. Jensen (2001, 9) asks, “ Can corporate managers succeed by simply holding up value maximization as the goal and ignoring their stakeholders? The answer is an emphatic no. In order to maximize value, corporate managers must not only satisfy, but enlist the support of, all corporate stakeholders customers, employees, managers, suppliers, local communities.”

For the following reasons we believe that CSR represents a point of differentiation that can provide a competitive market advantage:

Human resources: CSR can be helpful with regard to recruitment and retention since potential recruits are increasingly asking about CSR policy. It can also help generate an atmosphere of pride within the organization.

Risk management: Reputations often take decades to build up but can be ruined in days by scandals and accidents. These events often draw bad publicity and attention from regulators and the courts. A strong CSR program can help prevent such episodes or can mitigate damages should one occur.

Firms with existing reputation problems in their core business can engage in high-profile CSR activities in an effort to divert attention from these difficulties. Examples include British American Tobacco’s health initiatives, British Petroleum’s installation of alternate-energy wind turbines, and Wal-Mart’s decisions to sell organic groceries and build eco-friendly stores. Brand differentiation: Firms are constantly looking for ways to differentiate

themselves from competitors in an effort to capture the consumer's dollars.

Examples of organizations that have successfully used CSR as a brand differentiator include Whole Foods Market, Ben & Jerry's, and The Body Shop.

Avoidance of government interference: Organizations that make an effort to be good citizens may be better able to avoid excessive regulatory intervention. A counterexample, however, is Wal-Mart, which encounters difficulties when it attempts to enter new markets. Companies such as Target or Costco, with their superior CSR reputations, rarely face the same level of resistance. In 2006 C. W. Goodyear, CEO of BHP Billiton, a leading natural resources company, described this phenomenon: BHP Billiton realized a long time ago that working in partnership with communities is more than about being a good corporate citizen. It's a powerful competitive differentiator. It has the potential to establish us as the company of choice, giving us better access to markets, natural resources and the best and brightest employees.

By doing so, we can maximize profits for our shareholders while also ensuring we do the right thing by those who are impacted by our business.